

Strategy

**Assets to extend
our worldwide
leadership**

Digital

**Becoming the leader
of connected beauty**

SPECIAL EDITION

*ANNUAL
GENERAL MEETING
2015*

Dialogue
**Shareholders
give their views**

“
*We have all the assets
 to strengthen our
 leadership of the global
 beauty market*
 ”



EXCERPTS FROM THE ADDRESS BY

JEAN-PAUL AGON
Chairman and CEO of L'Oréal

“2014 was an important year of progress and transformation aimed at strengthening your group and adapting it to our fast-changing world.

In terms of external growth, **we completed several major strategic acquisitions** that complement our brand portfolio perfectly, in regions and categories that are vital for the future.

2014 was also a pivotal year for L'Oréal's digital transformation

(see the excerpts from the address by Lubomira Rochet, Chief Digital Officer of L'Oréal, pages 4 and 5).

It was also the first year for our major corporate social responsibility initiative, “Sharing Beauty With All”. I consider this project to be absolutely essential for L'Oréal, because I firmly believe that sustainable development will be a key driver of long-term success for 21st century companies. We have already made substantial progress in all areas and are on track to meet our

commitments for 2020. Despite the uncertain economic environment, we remain resolutely optimistic and confident for 2015, with our sights set on accelerating our development, outperforming the market and achieving another great year of growth in both sales and profitability.

We have all the assets required to further our success in conquering the global beauty market and extending our leadership.

“
*We remain
 resolutely optimistic
 and confident for 2015*
 ”

First asset: a clear strategic project.

To achieve our mission of offering Beauty for All, we have opted for a unique strategy: Universalisation, meaning globalisation that respects differences.

Second asset: unique strengths.

First and foremost, the talent and commitment of our teams. Then, our Research and Innovation, which is the strongest in the industry and receives greater investment each year. Finally, our brand portfolio, which enables us to operate across all channels, in every country and at all price ranges, meeting beauty aspirations in all their diversity.

Third asset: loyal shareholders.

It is your support and guidance that has enabled us to secure the long-term success of our company. We care deeply about the relationship that has brought us together and continually seek to develop even closer relations.

Fourth asset: high standards of governance. These are a source of value for the company. The members of our open-minded and committed Board of Directors are both active and closely involved in your company, ensuring governance of a high standard. In 2014, the Board of Directors became more diverse and gender-balanced, in particular through the appointment of two employee Directors.

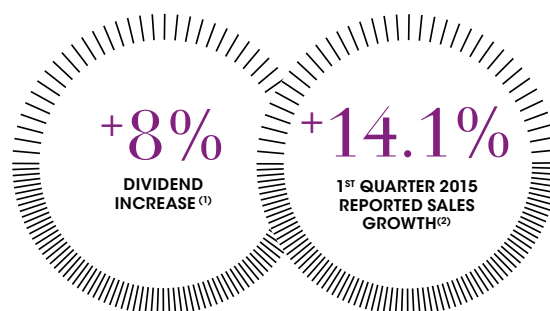
Fifth asset: an exemplary ethics and responsibility programme. We firmly believe that a strong culture of integrity is a competitive advantage for our company, and a source of long-term value. We are also committed to a responsible, shared approach as we continue our adventure.

We want to be a leader with the spirit of a challenger, and a large company with the

spirit of a start-up. We will continue to pursue our Beauty for All mission, our Universalisation strategy, and our goal of attracting one billion new consumers. At the same time, we will keep on inventing the New L'Oréal of the 21st century: universal, digital and sustainable.

I am very pleased and very proud that you are joining us on this wonderful adventure. Thank you for your support."

(1) 2014 Dividend paid in 2015. (2) +4.0% like-for-like. (3) For shareholders who continuously hold their shares in registered form for a minimum of two full calendar years, up to a maximum of 0.5% of the capital for the same shareholder.



WATCH THE WEBCAST OF THE ANNUAL GENERAL MEETING

LOREAL-FINANCE.COM

Highlights from the Annual General Meeting

HIGH PARTICIPATION

Approximately 1,800 shareholders attended L'Oréal's Annual General Meeting on April 22nd, 2015. More than 14,000 shareholders were present or represented, accounting for 75.93% of the company's share capital with voting rights.

SIGNIFICANT DIVIDEND INCREASE

During the Annual General Meeting, the Board of Directors proposed a dividend of €2.70, an increase of 8%. Shareholders who register their shares receive a loyalty bonus of +10% (3), and therefore a total of €2.97.

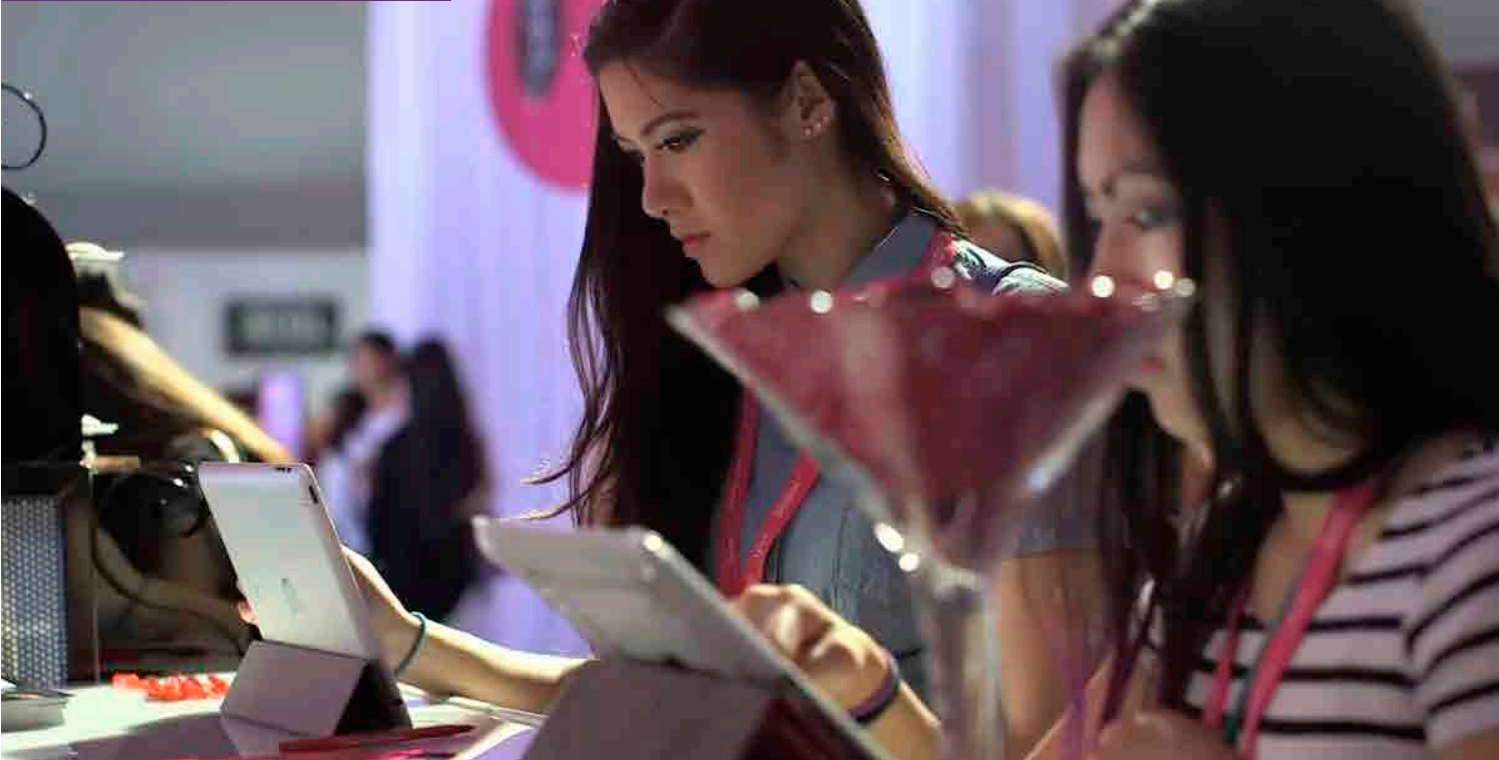
ALL RESOLUTIONS ADOPTED

All the proposed resolutions were adopted by a very large majority, including the appointment of Ms Sophie Bellon as a Director, the renewal of the tenure of Mr Charles-Henri Filippi as a Director, and the decision to maintain simple voting rights.

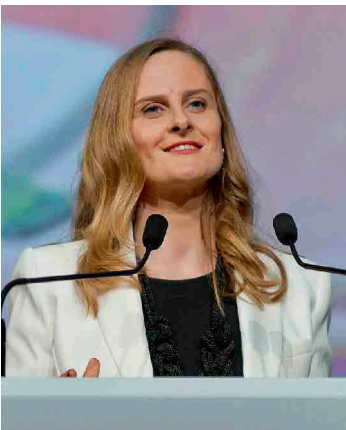
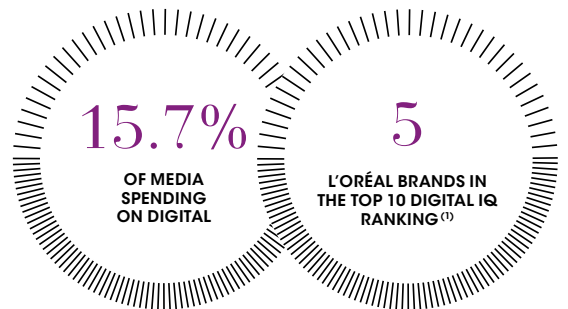
FIRST QUARTER 2015 SALES

“First quarter sales grew very strongly thanks to the +9% impact of very favourable exchange rates and the performance of our four Divisions, in particular L'Oréal Luxe and Active Cosmetics, which continue to achieve very solid growth.”

CHRISTIAN MULLIEZ
Executive Vice-President,
Chief Financial Officer



BECOMING THE LEADER OF CONNECTED BEAUTY



LUBOMIRA ROCHET
Chief Digital Officer of L'Oréal

“Digital refers to all the different ways in which people consume the Internet, social media like Facebook, Twitter and Instagram, and mobile applications that you find on smartphones. Digital technology revolutionises our daily lives, because it offers new ways of gathering information, and of buying and using products.

Beauty and digital, a perfect match

Our industry is one of those that stands to benefit most from the new digital era. Beauty is one of the favourite topics amongst Internet users and one of the categories posting the strongest growth in e-commerce. Every day, numerous women

share views about our brands, and recommend our products, giving L'Oréal exceptional visibility. Beauty tutorials – videos about the art of make-up or how to take care of your hair – have become a new social phenomenon. Youtubers, these new beauty stars, have a profound influence on fashion and beauty trends. The significance of this recent development has not been lost on L'Oréal and our brands are working with the top bloggers to make sure we reach the frequent Web users we are targeting. Today 80% of our consumers first find out about new products on the Internet, and more than one-third want to buy them online. For L'Oréal, this is opening up a whole new channel, a growth driver: e-commerce. This channel means you can buy your favourite products even if there are no stores nearby; it is a big advantage

Closer and more targeted communications

“Lipikar Families, an initiative from LA ROCHE-POSAY, which brings together families affected by atopic skin issues, and enables them to get advice and support. This is an excellent way to create a community, and establish a relationship based on trust and proximity between brands and their consumers.”



“

Digital will enable us to make the most of our great strengths

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in major emerging countries such as China, India and Brazil. This is a key advantage in the New Markets, where a large proportion of our next billion consumers live.

Digital, a historic opportunity for L'Oréal

Digital will enable us to make the most of our great strengths. First of all, it strengthens our effectiveness when it comes to **product innovation**. It especially enables us to detect even earlier, and on a bigger scale, all the new trends. Digital enables us to “seize up-and-coming trends” even faster. L'ORÉAL PARIS was thus able to identify and tap into the rising trend for “ombrés” looks, and to develop a specific hair colour product. The power of our **marketing model** is amplified by the new digital media. We are moving from simply delivering a message, using conventional advertising, to establishing a conversation and then a relationship with our consumers. For example, NYX, our new 100%-digital American brand, posted a photo on the social network Instagram, which highlights the Butter Gloss product. In just a few hours, more than 52,000 people said they liked the product,

and more than 1,900 posted a comment, offering the brand countless opportunities to interact with them. Finally, digital enables us to widen our **distribution** thanks to e-commerce, a channel that we pioneered back in the late 1990s with LANCÔME. This is, in a way, a new market that we are creating together with our retail partners, dedicated e-commerce websites and our own e-commerce websites. In China, e-commerce already represents more than 10% of our Consumer Products Division's sales. On Singles' Day for example, on November 11th, 2014, our MAGIC brand sold more than 11 million masks online in just 24 hours.

We are convinced that we have all we need to amplify our development thanks to digital, which further strengthens our competitive advantage. This is a market that moves very fast and we have to accelerate our transformation to seize with both hands all the extraordinary opportunities that are ahead of us. With the teams, we are absolutely determined to make L'Oréal the leader of connected beauty.”

WATCH LUBOMIRA ROCHET'S PRESENTATION

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FINANCIAL COMMUNICATIONS IN THE DIGITAL AGE

The Annual General Meeting provided an opportunity to present the first digital edition of the Annual Report to shareholders, who were given a demonstration of this innovative financial communication medium on a giant screen and tablets. The augmented-reality print version, which features several links to the digital edition, was also in the spotlight.

Find out more about the digital edition of the Annual Report on the attached flyer.



(1) Source: L2, Digital IQ Index, United States.

QUESTIONS / ANSWERS

SHAREHOLDERS GIVE THEIR VIEWS

Jean-Paul Agon and Christian Mulliez spent an hour answering questions from shareholders.

EXCERPTS

Diversity

What is the percentage of women at the different levels of responsibility and the percentage of women who received a promotion in 2014?

Jean-Paul Agon: 40% of the members of our Board of Directors (including the employee Directors) are women, 31% of the Executive Committee, 47% of the management committees as a whole, and 60% of group managers worldwide. And these figures continue to grow each year. Among the 3,000 key positions in the group, 55% of promotions went to women in 2014 and 64% of the managers hired last year are women. We achieved these results through a highly consistent, unwavering policy; our aim is to reach or surpass gender balance in all professions and at all levels, while maintaining our focus on skills-based criteria.

Research

What impact have Research initiatives had on competitiveness?

Jean-Paul Agon: Research and Innovation has never been more central to our strategy at L'Oréal. We have taken the strategic decision to place a premium on quality and innovation. To this end, we are investing 3.4% of our sales in Research. This has led to the creation of extraordinary products, many of which contain patented molecules that result in technical and technological superiority. We complement these initiatives with acquisitions; when we acquire a brand, it benefits from L'Oréal's Research and technology. For instance, MAGIC masks represent a tremendous foundation for Research – we can leverage our expertise to develop new facial masks that are even more effective.



Monetary environment

Favourable currency winds had a very positive impact on first quarter 2015 results. What measures do you plan to implement when these winds change direction, in order to keep us from being penalised?

Jean-Paul Agon: L'Oréal's strategy, decisions and transformation are not at all influenced by currencies. In fact, while we are pleased by the favourable winds, it is because we faced headwinds for 10 years – the euro was overvalued and most of our competitors are American. That doesn't change our strategy; we will remain highly rigorous and disciplined, while taking advantage of this timely opportunity.

Professional Products

L'Oréal has announced a programme to support the group's hairdressing salon customers. What initiatives have been rolled out?

Jean-Paul Agon: The Salon Emotion programme, rolled out by the Professional Products Division, seeks to help hairdressing salons evolve in order to increase their sales. In practical terms, we are helping to design new salons, to train employees and to carry out the steps required to gain financial backing. Our aim is to transform 6,000 salons in Europe by the end of 2018, including 1,600 in 2015. We already have 700 projects underway. It's a very promising, positive programme that is revitalising hairdressing, one of L'Oréal's traditional professions.

VOTING RESULTS

Resolutions adopted by more than 90%

Approval of the parent company financial statements (**99.73%**) and the consolidated financial statements for 2014 (**99.74%**).

Allocation of the company's net income for 2014 and declaration of the dividend at €2.70 per share (**99.82%**).

Appointment as director of Ms Sophie Bellon (**99.68%**).

Renewal of tenure as director of Mr Charles-Henri Filippi (**99.54%**).

Advisory vote on the components of remuneration due or allocated to the Chairman and Chief Executive Officer in respect of the 2014 financial year (**94.57%**).

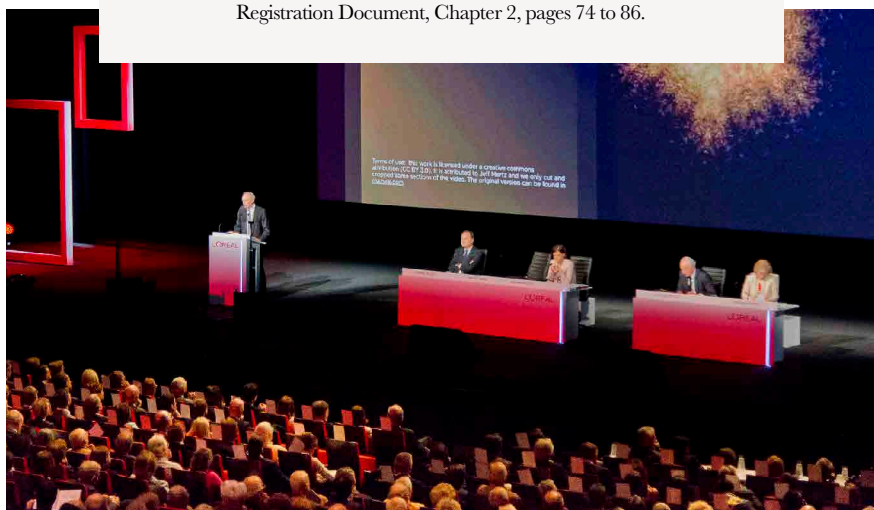
Authorisation for the company to buy back its own shares (**99.76%**).

Delegations of authority to the Board of Directors in view of a possible increase of the share capital with maintenance of preferential subscription rights (**96.79%**) and an eventual capital increase reserved for employees (**99.16%**).

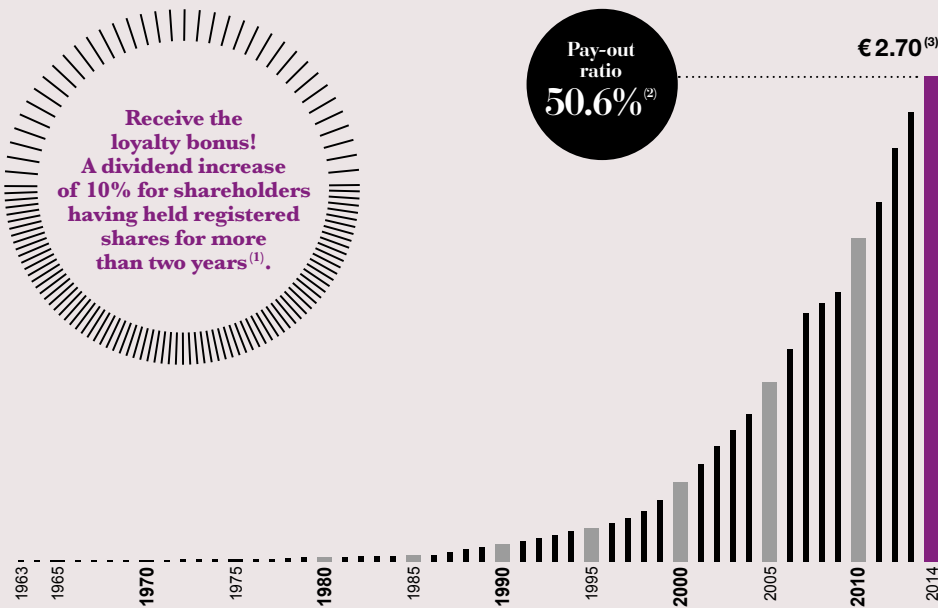
Authorisation given to the Board of Directors to make free grants to employees and corporate officers of existing shares and/or of shares to be issued entailing waiver by the shareholders of their preferential subscription right (**90.62%**).

Amendment of the Articles of Association to continue to apply simple voting rights (**99.80%**) and to remove the reference to the time periods to be taken into account to participate in the AGM (**99.82%**).

Mr Bernard Kasriel, Chairman of the Human Relations and Remuneration Committee, gave a presentation on the structure of the remuneration of the Chairman and Chief Executive Officer, and on the evaluation criteria regarding the variable part. You can read all the details in the 2014 Registration Document, Chapter 2, pages 74 to 86.



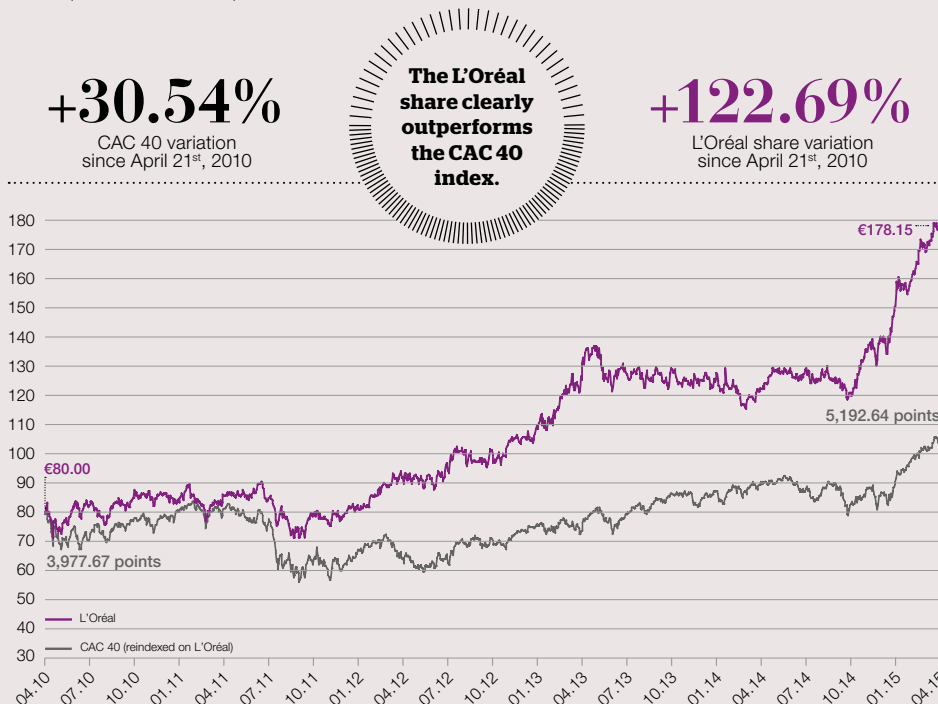
A DIVIDEND THAT INCREASES REGULARLY (IN €)



(1) For shareholders who continuously hold their shares in registered form for a minimum of two calendar years, up to a maximum of 0.5% of the capital for the same shareholder.
 (2) Pay-out ratio based on the dividend approved at the Annual General Meeting of April 22nd, 2015.
 (3) Dividend approved at the Annual General Meeting of April 22nd, 2015 for the 2014 financial year.

L'ORÉAL SHARE VERSUS CAC 40

From April 21st, 2010 to April 21st, 2015.



YOUR SHAREHOLDER MEETINGS IN THE 2ND HALF OF 2015

Nancy on 06/18
Lille on 06/25
Marseille on 09/08
Bordeaux on 11/03
Rennes on 11/09
Strasbourg on 12/17
Actionaria Shareholder Fair, Paris on 11/21 and 11/22

<http://www.loreal-finance.com/eng/shareholders-corner-key-dates>

FRENCH SOLIDARITY TAX ON WEALTH (ISF)

For 2014 estimated French ISF declarations, the following L'Oréal share value should be taken into account:

- ♦ either, the closing share price on December 31st, 2014: **€139.30**
- ♦ or the average of the last 30 days' closing share price for 2014: **€136.12**

Download the new version of the L'Oréal Finance app!



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